SERFF Tracking Number:	*HNLI-127147854*	*State:*	*California*
Filing Company:	*Health Net Life Insurance Company*	*State Tracking Number:*	*PF-2011-00825*
Company Tracking Number:	*CALCHOICE SBG RATE FILING*		
TOI:	*H16G Group Health - Major Medical*	*Sub-TOI:*	*H16G.003A Small Group Only - PPO*
Product Name:	*SBG CalChoice PPO*		
Project Name/Number:	*/*		

Filing at a Glance

Company: Health Net Life Insurance Company

Product Name: SBG CalChoice PPO	SERFF Tr Num: HNLI-127147854	State: California
TOI: H16G Group Health - Major Medical	SERFF Status: Assigned	State Tr Num: PF-2011-00825
Sub-TOI: H16G.003A Small Group Only - PPO	Co Tr Num: CALCHOICE SBG RATE FILING	State Status:
Filing Type: Rate		Reviewer(s): Angela Jang, Marsha Seeley, Sai-on Sam, Ali Zaker-Shahrak, Wayne Thomas, Karl Whitmarsh, Shelly Huang
	Authors: Paul Sedgwick, Chantelle Tice	Disposition Date:
	Date Submitted: 04/29/2011	Disposition Status:
Implementation Date Requested: 07/01/2011		Implementation Date:

General Information

Project Name:	Status of Filing in Domicile:
Project Number:	Date Approved in Domicile:
Requested Filing Mode: Review & Approval	Domicile Status Comments:
Explanation for Combination/Other:	Market Type: Group
Submission Type: New Submission	Group Market Size: Small
Group Market Type: Employer	Overall Rate Impact:
Filing Status Changed: 05/02/2011	
State Status Changed:	Deemer Date:
Created By: Chantelle Tice	Submitted By: Chantelle Tice

Corresponding Filing Tracking Number:
PPACA: Not PPACA-Related
PPACA Notes: null
Filing Description:
CalChoice SBG Rate Filing

Health Net requests confidential treatment for everything except the rates

Company and Contact

SERFF Tracking Number:	*HNLI-127147854*	*State:*	*California*
Filing Company:	*Health Net Life Insurance Company*	*State Tracking Number:*	*PF-2011-00825*
Company Tracking Number:	*CALCHOICE SBG RATE FILING*		
TOI:	*H16G Group Health - Major Medical*	*Sub-TOI:*	*H16G.003A Small Group Only - PPO*
Product Name:	*SBG CalChoice PPO*		
Project Name/Number:	*/*		

Filing Contact Information

Paul Sedgwick, Director, Regulatory Compliance
11971 Foundation Place
Rancho Cordova, CA 95670

Paul.D.Sedgwick@healthnet.com
916-935-6623 [Phone]
916-935-6623 [FAX]

Filing Company Information

Health Net Life Insurance Company
11971 Foundation Place
Rancho Cordova, CA 95670
(916) 935-6622 ext. [Phone]

CoCode: 66141
Group Code:
Group Name:
FEIN Number: 73-0654885

State of Domicile: California
Company Type: L&H
State ID Number:

Filing Fees

Fee Required?	No
Retaliatory?	No
Fee Explanation:	
Per Company:	No

COMPANY	AMOUNT	DATE PROCESSED	TRANSACTION #
Health Net Life Insurance Company	$0.00		

SERFF Tracking Number:	*HNLI-127147854*	*State:*	*California*
Filing Company:	*Health Net Life Insurance Company*	*State Tracking Number:*	*PF-2011-00825*
Company Tracking Number:	*CALCHOICE SBG RATE FILING*		
TOI:	*H16G Group Health - Major Medical*	*Sub-TOI:*	*H16G.003A Small Group Only - PPO*
Product Name:	*SBG CalChoice PPO*		
Project Name/Number:	*/*		

Rate Information

Rate data applies to filing.

Filing Method: Electronic - SERFF
Rate Change Type: Increase
Overall Percentage of Last Rate Revision: %
Effective Date of Last Rate Revision:
Filing Method of Last Filing:

Company Rate Information

Company Name:	Company Rate Change:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	# of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where required):	Minimum % Change (where required):
Health Net Life Insurance Company	Increase	%	%				%	%

Product Type:	HMO	PPO	EPO	POS	HSA	HDHP	FFS	Other
Covered Lives:					867			
Policy Holders:					2			

SERFF Tracking Number:	*HNLI-127147854*	*State:*	*California*
Filing Company:	*Health Net Life Insurance Company*	*State Tracking Number:*	*PF-2011-00825*
Company Tracking Number:	*CALCHOICE SBG RATE FILING*		
TOI:	*H16G Group Health - Major Medical*	*Sub-TOI:*	*H16G.003A Small Group Only - PPO*
Product Name:	*SBG CalChoice PPO*		
Project Name/Number:	*/*		

Rate Review Details

COMPANY:

Company Name:	Health Net Life Insurance Company
HHS Issuer Id:	00000
Product Names:	SBG CalChoice PPO
Trend Factors:	

FORMS:

New Policy Forms:	
Affected Forms:	
Other Affected Forms:	A21601(CA1/10); A21601(CA 10/10); A21601FLEX(7/10); A21601FLEX(10/10)

REQUESTED RATE CHANGE INFORMATION:

Change Period:	Semi-annual
Member Months:	2,865
Benefit Change:	Increase
Percent Change Requested:	Min: 5.4 Max: 5.4 Avg: 5.4

PRIOR RATE:

Total Earned Premium:	672,889.00
Total Incurred Claims:	727,357.00
Annual $:	Min: 1,832.00 Max: 74,544.00 Avg: 4,095.00

REQUESTED RATE:

Projected Earned Premium:	1,629,099.00
Projected Incurred Claims:	1,802,578.00
Annual $:	Min: 1,931.00 Max: 78,551.00 Avg: 4,317.00

SERFF Tracking Number:	*HNLI-127147854*	*State:*	*California*
Filing Company:	*Health Net Life Insurance Company*	*State Tracking Number:*	*PF-2011-00825*
Company Tracking Number:	*CALCHOICE SBG RATE FILING*		
TOI:	*H16G Group Health - Major Medical*	*Sub-TOI:*	*H16G.003A Small Group Only - PPO*
Product Name:	*SBG CalChoice PPO*		
Project Name/Number:	*/*		

Supporting Document Schedules

Item Status: **Status Date:**

Satisfied - Item: Filing Cover Sheet
Comments:
Attachment:
Filing Cover Sheet.pdf

Item Status: **Status Date:**

Satisfied - Item: Document Submission Formset
Comments:
Attachment:
Submission Formset 4.29.11.pdf

Item Status: **Status Date:**

Satisfied - Item: Rating Plans
Comments:
Attachments:
Existing Product Rate Filing Form.pdf
CA RATE FILING SPREADSHEET_CDI.XLS
PlainLangDes.pdf
CA PLAIN LANGUAGE SPREADSHEET_CDI.XLS
July 2011 Filing-CDI - Health Net Life Insurance Actuarial Memorandum.pdf
Milliman's Actuarial Certifications.pdf

CALIFORNIA DEPARTMENT OF INSURANCE

FILING COVER SHEET
for
FORMS FILINGS with the POLICY APPROVAL BUREAU

(Suggested for use as the cover letter required by Title 10, California Code of Regulation §2205 for filings of policy forms in the DOCUMENT CLASSES listed below. Other DOCUMENT CLASSES are filed with other Department Bureaus per §2206.)

TO: California Department of Insurance Policy Approval Bureau 45 Fremont Street San Francisco, CA 94105	FROM: (Official Insurer Name): Health Net Life Insurance Company
	Submitter and Complete Mailing Address: Health Net Life Insurance Company Paul Sedgwick/Director, Regulatory Compliance 11971 Foundation Place Rancho Cordova, California 95670
	Submission Date: April 29, 2011

1. IDENTIFYING FORM NUMBER(S): CalChoice Small Employer rates effective July 1, 2011 in group policy forms A21601(CA 1/10), A21601(CA 10/10), A21601FLEX(7/10), A21601FLEX(10/10)

[The form number(s) of one or more of the documents submitted by which the filing can be identified. §2205(a)]

2. DOCUMENT CLASS [The subdivision of §2202(a) which best describes the forms submitted. §2205(b)]

Generic Description and Definition Citation	Check Below		Generic Description and Definition Citation	Check Below
"Health Insurance" [§2202(a)(1)]	X		"Credit Life and Disability" [§2202(a)(6)]	
"Group and Blanket Life and Non-health Disability" [§2202(a)(2)]			"Supplemental Life Benefits" [§2202(a)(7)]	
"Individual Disability, Non-health" [§2202(a)(3)]			"Variable Life and Annuities" [§2202(a)(8)]	
"Medicare Supplement" [§2202(a)(4)]			"Fraternals" [§2202(a)(9)]	
"Long-term Care" [§2202(a)(5)]			"Unclassified" * [§2202(a)(11)]	
* Describe briefly:				

3. GROUP AND/OR INDIVIDUAL [Are the forms group, individual or used in both contexts? §2205(b)]

Group Only: X	Individual Only:	Group AND Individual:

4. EMPLOYER SIZE (Employer Health Insurance Only) [Where the forms submitted provide health coverage through employment, the minimum and the maximum sizes of the employers in terms of number of employees. §2205(c)]

2 to 50 Employees: X	Over 50 Employees:	All Employers:

5. REPLACES PREVIOUSLY-APPROVED DOCUMENT(S)? [Do any documents replace previously-approved Documents 2205(d)] N/A. Rates only.

6. FINAL PRINT FORM? [Whether each document is in draft, printer's proof, or the final printed form for issue to insureds. §2205(e)]

Document(s)	Draft?	Printer's Proof?	Final Print?
Rates only			X

7. TYPE OF DOCUMENT WITH WHICH IT WILL BE USED [For each document (such as a rider) which is designed to be used with another document not included in the filing, a statement of the document class with which it is to be used. §2205(f)]

Document Form Number	Document Class (from Item 2, above)

8. MASTER POLICY FORM NUMBER AND APPROVAL DATE: N/A. Rates only.
[Where a certificate is submitted for use with a previously approved "group" document, the form number and the filing or approval date of the previously approved group document. §2205(g)]

9. IF ABOVE INFORMATION CANNOT BE FURNISHED, EXPLAIN WHY. [If the submitter is unable to furnish the information requested above, explain why. §2205(h)]
Rates only.

10. IS A RECEIPT ACKNOWLEDGMENT CARD ENCLOSED? NO
[Submitters wanting acknowledgment of receipt of their filings must include a self-addressed, postage pre-paid postcard or letter for return when the filing is received. Acknowledgments must be drafted so that Department personnel need only enter dates of receipt before mailing. §2205(j)]

11. REMARKS AND ADDITIONAL INFORMATION (Attach additional sheets if necessary):

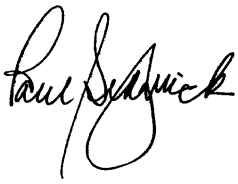
Rates effective July 1, 2011

MAKE SURE THAT A COMPLETED 3-PART DOCUMENT SUBMISSION FORMSET IS INCLUDED
[Filings of documents described in §2202(a)(1) through (a)(11) shall include three-part Document Submission Formsets. §2216(a)]

MAKE SURE THAT A STAMPED, RETURN ADDRESSED ENVELOPE IS INCLUDED [The cover letter shall be accompanied by a stamped, self-addressed business-size return envelope. §2205(i)]

MAKE SURE THAT A DUPLICATE FILING COVER SHEET IS INCLUDED [All document submissions must be accompanied by a cover letter in duplicate. §2205]

SUBMITTER'S SIGNATURE AND TITLE:



Paul Sedgwick
Director, Regulatory Compliance

CALIFORNIA DOCUMENT SUBMISSION FORMSET

Reset Form

California Insurer Number: (NOT NAIC Number) 3173-2

FOR DEPARTMENT USE ONLY

Official Insurer Name:

Health Net Life Insurance Company

Our File # | Fee Code:

Reviewer:

Submitter and Complete Mailing Address:

Paul Sedgwick
Director, Regulatory Compliance
Health Net Life Insurance Company
11971 Foundation Place
Rancho Cordova, CA 95670

Submission Date: March 2, 2011

Dept Action Date:

	Document Form Number	Doc Type ("Policy," etc)	Document Coverage	Department Action	Fee
1	CalChoice Small Group Employer	Rates			
2	Rates effective July 1, 2011				
3	in the following Group Policy Forms:				
4	A21601(CA 1/10)				
5	A21601(CA 10/10)				
6	A21601FLEX(7/10)				
7	A21601FLEX(10/10)				
8					
9					
10					
11					
12					
13					
14					
15					
16					

INSTRUCTIONS: Complete the part of the form to the left of the double vertical line. Enter one document to a numbered line. Use additional formsets if necessary. Be accurate - the copy of this form that we return to you will be your only record of our action on your submission.

THIS IS NOT A BILL - DO NOT PAY. YOU WILL RECEIVE A SEPARATE FILING FEE INVOICE SHORTLY; REMIT FEES ONLY WITH THAT INVOICE.

Total $

Cont'd on __ pages

DSF 1.35

#514705v1

DEPARTMENT OF INSURANCE
Legal Division
45 Fremont Street, 24th Floor
San Francisco CA 94105

California Rate Filing Form

For Individual and Small Group Health Insurance
Rate Filings for Existing Products, Version 2
(do not use this form for initial filings for new product rates)

The rate filing submission should include:

1) This form
2) A California Rate Filing Spreadsheet
3) An actuarial certification
4) A spreadsheet with rate information responsive to Questions 10 & 15, below
5) A California Plain-Language Filing Form
6) A California Plain-Language Spreadsheet

1) Company Name:

Health Net Life Insurance Company

2) Number of policy forms covered by the filing: 1

3) Policy form numbers covered by the filing:
List all of the policy form numbers covered by this filing in column "A" of the "California Rate Filing Spreadsheet". List all product names associated with each policy form number in column "B."

4) Product types covered by the filing. Selected from the following:

○	HMO (Health Maintenance Organization)
◉	PPO (Preferred Provider Organization)
○	EPO (Exclusive Provider Organization)
○	POS (Point of Service)
○	FFS (Fee for Service)
○	Other (describe) _____

5) Segment type. One of the following:

◉	Small Group (2-50 employees)
○	Individual

Note: Large Group, Small Group, and Individual filings should not be combined within a single filing.

6) Plan/Insurer Type. One of the following: for-profit company, not-for-profit company

◉	For-profit company
○	Not-for-profit company

7) Whether the products are open or closed. List each open or closed product by policy form number.

For each policy form number, indicate in column "C" of the California Rate Filing Spreadsheet whether the products are open or closed.

If all policy forms listed are open, check here: ☑

If all products listed are closed, check here: ☐

If only some policy forms listed are closed, check here: ☐

8) Enrollment:

In column "D" of the California Rate Filing Spreadsheet, state the number of lives, including dependents, covered by each product as of the end of the latest month for which the data has been compiled.

9) Insured months in each policy form

In column "E" of the California Rate Filing Spreadsheet, state the number of insured (or member) months for the experience period on which the rates were based. (Does not apply to rates for new products.)

10) Annual Rate

In a separate spreadsheet, for each product included in the filing, show the current and proposed annual premium rates for each rating cell.

11) Total earned premium

For each policy form list:

In column "F" of the California Rate Filing Spreadsheet, state the experience period on which rates are based,

In column "G" of the California Rate Filing Spreadsheet, state the period for which rates are to be effective,

In column "H" of the California Rate Filing Spreadsheet, state the total premium earned for the experience period on which the rates are based.

12) In column “I” of the California Rate Filing Spreadsheet, state the total dollar amount of incurred claims in each policy form for the experience period on which the rates are based.

If helpful to understanding the basis for the filed rate increases, the insurer may, but is not required to, disaggregate incurred claim data into the aggregate benefit categories listed in item 18 below.

13) In column “J” of the CA Rate Filing Spreadsheet, state the average rate increase initially requested

The weighted average of the proposed rate increases included in the filing, weighting the increases by the number of covered lives for each product (per item 8, above). Rates for new products are not included in this calculation, as they have a weight of zero. (Does not apply to rates for new products.)

14) Review category: One of the following:

○	Initial Filing for New Product
◉	Filing for Existing Product
○	Resubmission

Resubmissions should be submitted through SERFF under the same state filing number and SERFF tracking number assigned to the original submission of this filing. Do not submit resubmissions as a new filing.

15) Average rate of increase

In those instances in which there is a revision to the rates requested after initial submission, the revision should be submitted as an amendment to the original submission of this filing under the rate/rule form tab. Submit a revised California Rate Filing Form, a revised spreadsheet responsive to Question 10, and a revised California Rate Filing Spreadsheet, completing columns A, B, and J. Also, in the case of a resubmission, update the information under the “company rate information” field under the “Rate/Rule Schedule” tab in SERFF. The average rate of increase is a weighted average, calculated as in item 13, above.

16) Effective date of rate increase: July 1, 2011

The earliest anticipated date that the proposed rate increase, or new product rate, will take effect for a policyholder.

17) Number of policyholders or insureds affected by each policy form

This information was provided in item 8, above, and need not be repeated.

18) Overall medical trend factor and trend factors by aggregate benefit category:

Overall Medical Trend Factor

"Overall" means the weighted average of trend factors used to determine rate increases included in the filing, weighting the factor for each aggregate benefit category by the amount of projected medical costs attributable to that category.

13.0%

Medical Trend Factor by Aggregate Benefit Category

The aggregate benefit categories are each of the following – hospital inpatient, hospital outpatient (including emergency room), physician and other professional services, prescription drugs from pharmacies, laboratory services (other than hospital inpatient), radiology services (other than hospital inpatient), other (describe).

Hospital Inpatient	12.6%
Hospital Outpatient (including ER)	15.3%
Physician/other professional services	9.3%
Prescription Drug	15.7%
Laboratory (other than inpatient)	9.3%
Radiology (other than inpatient)	9.3%
Other (describe)	10.6%

Optional Medical Trend Factor by Aggregate Benefit Category by Geographic Region

The insurer may, but is not required to, aggregate additional data in major geographic regions of the state. If the insurer chooses to so aggregate, the major geographic regions of the state are: Northern California (consisting of Monterey, Kings, Tulare, and Inyo counties, and all counties to the north), and Southern California (consisting of San Luis Obispo, Kern, and San Bernardino counties, and all counties to the south).

	North	South
Hospital Inpatient		
Hospital Outpatient (including ER)		
Physician/other professional services		
Prescription Drug		
Laboratory (other than inpatient)		
Radiology (other than inpatient)		
Other (describe)		

19) Projected medical trend

Use the same aggregate benefit categories used in item 18 –hospital inpatient, hospital outpatient (including emergency room), physician and other professional services, prescription drugs from pharmacies, laboratory services (other than hospital inpatient), radiology services (other than Hospital inpatient), other (describe). Furthermore, within each aggregate category quantify the sources of trend, i.e. use of services, price inflation, and fees and risk.

Projected Medical Trend by Aggregate Benefit Category

Hospital Inpatient	Trend attributable to use of services: 2.5%
	Trend attributable to price inflation: 9.3%
	Trend attributable to fees and risk: 0.5%
Hospital Outpatient (including ER)	Trend attributable to use of services: 5.2%
	Trend attributable to price inflation: 9.0%
	Trend attributable to fees and risk: 0.5%
Physician/other professional services	Trend attributable to use of services: 2.8%
	Trend attributable to price inflation: 5.9%
	Trend attributable to fees and risk: 0.5%

Prescription Drug	Trend attributable to use of services: 3.8%
	Trend attributable to price inflation: 10.9%
	Trend attributable to fees and risk: 0.5%
Laboratory (other than inpatient)	Trend attributable to use of services: 2.8%
	Trend attributable to price inflation: 5.9%
	Trend attributable to fees and risk: 0.5%
Radiology (other than inpatient)	Trend attributable to use of services: 2.8%
	Trend attributable to price inflation: 5.9%
	Trend attributable to fees and risk: 0.5%
Other (describe)	Trend attributable to use of services: 2.9% Trend attributable to price inflation: 7.0% Trend attributable to fees and risk: 0.5%

20) Comparison of claims cost and rate of changes over time

For each proposed rate increase, provide the projected annualized incurred claims cost per insured for the period covered by the proposed rate, the historical incurred claims cost per insured for the most recent 12 months of the experience period on which the rates were based, and the historical incurred claims cost per insured for the next two most recent 12 month periods. Also, compare the rate of change of claims costs over all of the projected and historical periods for which information is provided. Show all claim costs according to aggregate benefit category.

See Appendix A

21) Describe any changes in enrollee/insured cost-sharing, compared to the prior year, associated with the submitted rate filing, including both the absolute amount of the change, and the percentage change, and quantify the impact of each change on each of the rates included in the filing. Also describe any changes in benefits exempted from cost-sharing, as well as any newly-imposed cost-sharing.

As mandated under PPACA, Preventive Care benefits were exempted from cost-sharing. There were no other changes in enrollee/insured cost-sharing compared to the prior year.

Absolute Amount of Change: $8.91

Percentage Change: 3.0%

22) Describe any changes in enrollee/insured benefits, including but not limited to hospital inpatient, hospital outpatient (including emergency services), physician and other professional services, laboratory services, radiology services, and other benefits (describe), compared to the prior year, associated with the submitted rate filing, and quantify the impact of each change on each of the rates included in the filing.

Change #1: Removal of lifetime and annual limits for essential benefits
Impact: 0.0%

Change #2: Dependents will be covered up to age 26
Impact: 1.4%

23) Submit the required actuarial certification, described in Guidance 1163:2, under the "Supporting Documentation" tab in SERFF.

◉	Submitted

24) Changes in administrative costs

Administrative costs are the costs defined in Sections 158.150, 158.151, 158.160, and 158.161 of 45 Code of Federal Regulations Subtitle A, Subchapter B, in the interim final rule issued by the Department of Health and Human Services on December 1, 2010 at 75 Federal Register 74924-74926. Using those definitions, describe the administrative costs for the policy forms included in this filing for the year prior to the requested rate increase, then also describe any changes in administrative costs, compared to the prior year, associated with the submitted rate filing, and quantify the impact of each change on each of the rates included in the filing. Changes should be shown separately for the costs defined by each of the sections of Code of Federal Regulations listed above in this item. (Does not apply to rates for new products.)

Activities that improve health care quality- costs are projected to be 0.5% of premium for both the current and projected rating periods. (§ 158.150)

Expenditures related to health information technology in meaningful use requirements- until conversion to ICD-10 expenses can be included in this category. Costs will be minimal; estimated at 0.1% of premium for both the current and projected rating periods. (§ 158.151)

Other non-claims costs- costs are projected to be 25% of premium for both the current and projected rating periods. Note that the largest component of these costs are paid to CalChoice's Third Party Administrator (CHOICE Administrators) as a percentage of premium for the administrative services it provides in connection with the offering as well as their broker fees and commissions. (§ 158.160)

License and regulatory fees- costs are expected to be -3.6% of premium for the projected rating period versus -3.5% in the current period. This decrease is due to the impact of income taxes as the company is projecting to realize a small increase in losses in the projected period versus the current period. (§158.161)

26) Comments. Place any needed comments here.

#632743v16

Appendix A: Comparison of Claims Cost and Rate of Changes Over Time
Question #20

Policy Form Number	*Marketing Name*	*Aggregate Benefit Category*	*Projected Health Care Costs*	*Ann. Rate of Change*	*12-month Health Care Costs Ending Sep'10*	*Ann. Rate of Change*	*12-month Health Care Costs Ending Mar'10*	*Ann. Rate of Change*	*12-month Health Care Costs Ending Sep'09*
A21601(CA 1/10)	HSA PPO	Hospital Inpatient	$156	14.6%	$120	4127.5%	$18	-64.1%	$31
A21601(CA 1/10)	HSA PPO	Hospital Outpatient (including ER)	$73	17.3%	$54	21.4%	$49	133.1%	$32
A21601(CA 1/10)	HSA PPO	Physician/other prof services	$43	11.3%	$35	11.2%	$33	92.5%	$24
A21601(CA 1/10)	HSA PPO	Prescription Drug	$51	17.8%	$37	131.2%	$24	83.9%	$18
A21601(CA 1/10)	HSA PPO	Laboratory (other than inpatient)	$3	11.3%	$2	-52.5%	$3	26.2%	$3
A21601(CA 1/10)	HSA PPO	Radiology (other than inpatient)	$7	11.3%	$5	156.6%	$3	143.5%	$2
A21601(CA 1/10)	HSA PPO	Other (describe)	$5	12.6%	$4	-43.1%	$5	76.9%	$4

SERFF Tracking Number:	*HNLI-127147854*	*State:*	*California*
Filing Company:	*Health Net Life Insurance Company*	*State Tracking Number:*	*PF-2011-00825*
Company Tracking Number:	*CALCHOICE SBG RATE FILING*		
TOI:	*H16G Group Health - Major Medical*	*Sub-TOI:*	*H16G.003A Small Group Only - PPO*
Product Name:	*SBG CalChoice PPO*		
Project Name/Number:	*/*		

Attachment "CA RATE FILING SPREADSHEET_CDI.XLS" is not a PDF document and cannot be reproduced here.

	A	B	C	D	E	F	G	H	I	J	K
1	**California Rate Filing Spreadsheet, v. 1**										
2	Company Name: Health Net Life Insurance Company										
3	Company ID number: CALCHOICE SBG RATE FILING										
4	SERFF ID number for this filing: HNLI-127147854										
5	**Policy Form Number**	**Product Name**	**Open or closed?**	**Enrollment**	**Insured months in each policy form**	**Experience Period on Which Rates are Based**	**Period for which rates are to be effective**	**Total premium earned during the experience period on which the rates are based**	**Total dollar amount of claims incurred during the experience period on which the rates are based**	**Average rate increase (weighted average)**	**Comments**
6	A21601(CA 1/10)	HSA PPO	Open	444	2,865	Oct'09 - Sep'10	Jul'11 - Dec'11	672,889	727,357	5.4%	

DEPARTMENT OF INSURANCE
Legal Division
45 Fremont Street, 24th Floor
San Francisco CA 94105

California Plain-Language Rate Filing Description

[for Web site posting, Health & Safety Code 1385.07(d), Insurance Code 10181.7(d)]

Company Name:

Health Net Life Insurance Company

SERFF Tracking Number

HNLI-127147854

Department File Number: (will be completed by Department)

1. Justification for any unreasonable rate increases.

(Include all information as to why the rate increase is justified. Attach supporting documentation to this PDF file.)

N/A

2) Overall annual medical trend factor assumptions for all benefits

13.0%

3) Actual Costs by Aggregate Benefit Category

Hospital Inpatient	Dollar Cost: $0.39M
	Cost as Percentage of Medicare: 381.8%
Hospital Outpatient (including ER)	Dollar Cost: $0.27M
	Cost as Percentage of Medicare: 353.5%
Physician/other professional services	Dollar Cost: $0.19M
	Cost as Percentage of Medicare: 119.3%
Prescription Drug	Dollar Cost: $0.18M
	Cost as Percentage of Average Wholesale Price: 67.4%
Laboratory (other than inpatient)	Dollar Cost: $0.025M
	Cost as Percentage of Medicare: 129.4%

Radiology (other than inpatient)	Dollar Cost: $0.03M
	Cost as Percentage of Medicare: 162.5%
Other (describe)	Dollar Cost and Description: $0.06 Million Includes Anesthesia, Home Health, Dialysis, DME, Ambulance, pharmacy under medical benefits, other outpatient.

4) Amount of Projected Trend, by Aggregate Benefit Category, Attributable to Use of Services, Price Inflation, Fees and Risk

Hospital Inpatient	Trend attributable to use of services: 2.5%
	Trend attributable to price inflation: 9.3%
	Trend attributable to fees and risk: 0.5%
Hospital Outpatient (including ER)	Trend attributable to use of services: 5.2%
	Trend attributable to price inflation: 9.0%
	Trend attributable to fees and risk: 0.5%

Physician/other professional services	Trend attributable to use of services: 2.8%
	Trend attributable to price inflation: 5.9%
	Trend attributable to fees and risk: 0.5%
Prescription Drug	Trend attributable to use of services: 3.8%
	Trend attributable to price inflation: 10.9%
	Trend attributable to fees and risk: 0.5%
Laboratory (other than inpatient)	Trend attributable to use of services: 2.8%
	Trend attributable to price inflation: 5.9%
	Trend attributable to fees and risk: 0.5%
Radiology (other than inpatient)	Trend attributable to use of services: 2.8%
	Trend attributable to price inflation: 5.9%
	Trend attributable to fees and risk: 0.5%
Other (describe)	Trend attributable to use of services: 2.9% Trend attributable to price inflation: 7.0% Trend attributable to fees and risk: 0.5%

5) Other Information

Complete and submit the CA Plain Language Spreadsheet.

#630302v7

SERFF Tracking Number:	*HNLI-127147854*	*State:*	*California*
Filing Company:	*Health Net Life Insurance Company*	*State Tracking Number:*	*PF-2011-00825*
Company Tracking Number:	*CALCHOICE SBG RATE FILING*		
TOI:	*H16G Group Health - Major Medical*	*Sub-TOI:*	*H16G.003A Small Group Only - PPO*
Product Name:	*SBG CalChoice PPO*		
Project Name/Number:	*/*		

Attachment "CA PLAIN LANGUAGE SPREADSHEET_CDI.XLS" is not a PDF document and cannot be reproduced here.

	A	B	C	D	E	F	G	H	I
1	**CA PLAIN LANGUAGE SPREADSHEET v. 1**								
2	Company Name: Health Net Life Insurance Company								
3	Company ID number for this filing: CALCHOICE SBG RATE FILING								
4	SERFF ID number for this filing: HNLI-127147854								
5			**For the expense period on which the rates are based, premium attributed to:**						
6	**Policy Form Numbers**	**Marketing Names**	**Medical Costs prior to rate increase**	**Medical Costs after rate increase**	**Administrative costs prior to rate increase**	**Administrative costs after rate increase**	**Profit/margin projected prior to rate increase**	**Profit/margin projected after rate increase**	**Comments**
7	A21601(CA 1/10)	HSA PPO	108.1%	110.6%	10.2%	7.8%	-18.2%	-18.4%	

Memo

To: California Department of Insurance

From: Alex Furman, Health Net Life Insurance Company

Date: April 27, 2011

Subject: July 2011 CalChoice Filing

Submitted for your review is Health Net's proposed change in premium rates to our Small Business Group plans sold inside the CalChoice exchange effective July 1, 2011.

This memorandum together with the submitted rate filing form, rate filing spreadsheet, plain-language form, plain-language spreadsheet, and the independent third-party actuarial certification is intended to meet the requirements set forth in Senate Bill 1163.

As requested, we are including revised premium rates for plans to be effective July 1, 2011 along with our January 1, 2011 rates broken out by area, family status, and age.

I. Summary of Premium Rate Increases

CalChoice rates are filed twice a year and the average semi-annual premium rate increase (weighted by premium dollars and current demographics) for groups renewing between July 1, 2011 and December 31, 2011 is 5.4%. The associated average annual premium rate increase (weighted by premium dollars and current demographics) is 16.0%. Year-over-year rate adjustments by rating cell are all 16.0%.

The semi-annual and annual premium rate increases reflect impacts of benefits mandated under the Federal Patient Protection and Affordable Care Act (PPACA):

1. Dependents will be covered up to age 26
2. Removal of annual limits on essential benefits

We value these benefit changes to be worth 1.4% for all plan designs.

II. Non-Grandfathering

In addition to the benefits above, CalChoice plan rates reflect Preventive Care benefits covered at 100% (no cost-sharing to members) as mandated under PPACA. We value this change to be worth on average 3.0%. It should be noted that CalChoice does not offer employer groups the ability to remain grandfathered.

III. Trends

The overall medical trend factor used to determine the rate increases included in this filing is 13.0%. Medical trend factors by aggregate benefit category and source of trend are:

Aggregate Benefit Category	Trend	Utilization of Medical Services	Cost of Medical Services	Aging/Risk Factors
Hospital Inpatient	12.6%	2.5%	9.3%	0.5%
Hospital Outpatient (including ER)	15.3%	5.2%	9.0%	0.5%
Physician/other prof services	9.3%	2.8%	5.9%	0.5%
Prescription Drug	15.7%	3.8%	10.9%	0.5%
Laboratory (other than inpatient)	9.3%	2.8%	5.9%	0.5%
Radiology (other than inpatient)	9.3%	2.8%	5.9%	0.5%
Other (describe)	10.6%	2.9%	7.0%	0.5%

IV. Rating Methodology

Rate increases were calculated based on actual experience for the twelve-month period ending September 30, 2010 with claims paid through November 30, 2010. For a description of the rating methodology see the accompanying actuarial certification.

V. Rating Region Changes

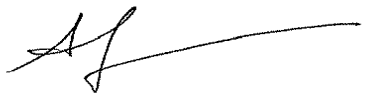
Periodically, Health Net adjusts the zip codes/counties that comprise a rating region. Since July 1, 2010 the following changes have been made:

Alameda County was moved from rating region 9 to rating region 3
Fresno County was moved from rating region 9 to rating region 7
Kern County was moved from rating region 4 to rating region 6
Los Angeles County (partial) was moved from rating region 5 to rating region 9
Santa Clara County was moved from rating region 9 to rating region 3
Stanislaus County was moved from rating region 1 to rating region 2
Tulare County was moved from rating region 1 to rating region 7
Yolo County was moved from rating region 2 to rating region 3

As a result, a rating region may have more than one annual premium rate increase (see our response to Rate Filing Form Question #10).

If you have any questions regarding this filing, please feel free to contact me directly.

Sincerely,



Alex Furman
Phone: (818) 676-8153
Email: alex.furman@healthnet.com

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Actuarial Memorandum

Health Net Life Insurance Company
Small Group Policy Filing

Qualifications

I, Gary L. Brace, am a member of the American Academy of Actuaries and meet its qualification standards for actuaries issuing statements of actuarial opinions in the United States. This filing is prepared on behalf of Health Net Life Insurance Company (the "Company") to comply with California Insurance Code section 10181.6 (b) (2). It may not be appropriate to use for other purposes.

I am affiliated with Milliman, Inc. ("Milliman") an independent actuarial consulting firm that is not affiliated with, nor a subsidiary, nor in any way owned or controlled by a health plan, health insurer or a trade association of health plans or insurers.

Scope

As a consulting actuary with Milliman, I have written this actuarial memorandum at the request of the Company to discuss the quarterly rate filing for its Small Group PPO policies that are sold inside the Cal Choice Defined Contribution Exchange. The proposed rates included in this filing will be effective for new and existing members enrolling or renewing on or after July 1, 2011. Rates are guaranteed for 12 months following the effective date or renewal date. The proposed rates represent an average increase of 5.4% over the currently filed rates, and a 16.0% average premium rate increase for groups renewing from July 1, 2011 through December 31, 2011.

This statement of opinion complies with the Actuarial Standards of Practice No. 8 and No. 41, promulgated by the Actuarial Standards Board.

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Reliance

I have relied upon information provided by Mr. Robert F. Kuecks, ASA, MAAA, Vice President and Actuary at the Company. While I reviewed the information for reasonableness, I did not audit the underlying data for correctness. Appendix A contains Statement Regarding Accuracy and Completeness of the Underlying Data Sources provided to me as part of my review, and forms a part of this opinion.

Testing Procedures

As part of my review, I followed the testing procedures outlined in Appendix B.

Opinion – Actuarially Sound in the Aggregate

In my opinion, the proposed premium rates are actuarially sound in the aggregate because the premium rates for business in California, including reinsurance recoveries, support expected health benefit costs, settlement costs, marketing and administrative expenses, and cost of required capital as provided to me by the Company.

An example of the rate calculations for HSA 2500 is attached in Appendix C. A description accompanies each calculation. Since all of the product cells were developed using similar methodology, only one example is shown.

Opinion – Reasonable Premium Rate Increases

In my opinion, the proposed premium rate increases are reasonable. I based my opinion of reasonable rate increase on the factors below. The assumptions, data used and other relevant information used in the rating filing development are included in Appendix C.

- The Company's expected loss ratio is 110.6%, based on the ratio of projected incurred claims divided by projected revenue, consistent with the statutory reporting definition for premium revenue.

  While the definitive loss ratio according to the PPACA MLR requirements can only be determined after the experience has emerged, I did calculate the projected federal loss ratio of 106.7%.

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I used the following calculation:

(a) Statutory Loss Ratio	110.6%
(b) Federal Tax Rate for Company	32.6%
(c) Expected Profit as a Percent of Premium	-18.4%
(d) Expected Federal tax (d) x (e)	-6.0%
(e) Premium tax	2.35%
(f) Federal Loss Ratio [(a) /((1 – (d) – (e))]	106.7%

The calculation of the loss ratio is determined using the guidance supplied in the NAIC Model regulations.

- The rate increase is supported by substantial evidence of anticipated claims costs trends.

- The choice of assumptions relating to unit health care cost increases, per capita utilization increases, and other assumptions, is reasonable.

- The documentation included in this rate filing is adequate in order to determine the reasonableness of the proposed rate increase.

- The proposed rates result in rates between insureds within similar risk categories that are permissible under applicable California law, and the premium differences correspond to differences in expected claims costs between allowable risk classes.

- The proposed rate increases are justified by credible experience data and anticipated changes in unit health care costs.

- The company's after-tax rate of return, including all segments and regions in which the Company operates over the past three years, has been as follows:

    - 2008 4.7%
    - 2009 15.5%
    - 2010 6.7%

    - In addition, the Company anticipates a rate of return of 3.7% in 2011.

    The calculation of the rate of return is based on net income (after tax) divided by the average capital and surplus.

    I reviewed these metrics, but did not consider them in forming my opinion of a reasonable premium rate increase.

- The executive compensation is part of the overall administrative expense assumed in the premium development. I received a listing of the top ten most highly compensated officers at the Company. However, I offer no opinion on the appropriateness of the compensation levels since executive compensation levels are beyond the scope of my expertise.

- The proposed average overall annual premium rate increase of 16.0% is greater than the Consumer Price Index for All Urban Consumers, U.S. City average of 2.9%, for the period January 2010 through January 2011.

    While the proposed rate increase is larger than the medical costs index, material differences between the two measures provide an explanation as to the reasonability of the rate increase. The medical component of the CPI measures price inflation at the retail level. That is, it measures the prices paid for a fixed market basket of medical goods and services. The medical CPI is a retrospective measure and does not account for expected future spending, which is the basis for premium rate setting.

The following factors are included in the medical insurance claims trends that are not included in the CPI measure:

- Increased per capita utilization of services
- Cost for new technologies
- Changes in provider practice patterns or the intensity of the service being provided
- Changes in enrollment mix
- New mandated benefits
- Adverse selection
- Deductible leveraging effect
- Changes in provider mix and negotiated provider payment arrangements

I reviewed the medical trends as part of the premium development. The medical trends are built from a "first principles" approach using the expected unit cost increase by hospital and medical group, and then weighted using the historic volume associated with each provider entity. Expected per capita utilization is also assumed to increase, and incorporated into the expected medical claims trend.

I found the medical claims cost trends reasonable based upon my review.

- As mentioned above in the Scope Section, the cumulative increase in the premium rate tables over the past 4 quarters, results in a 16.0% increase in the rates for the existing policyholders renewing during the period, July 1, 2011 through December 31, 2011.

- The capital and surplus level for the Company at December 31, 2010 is $414,490,199. The dividend history for the past three years is as follows:

2008	$0
2009	$35,000,000
2010	$0

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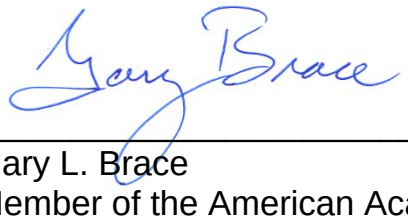
- The unisex age rating factors remain unchanged from the previous filing, so the premium rates for each age increase identically. The increase for each benefit plan is also identical. Consequently, the premium rate change does not result in any unreasonable increase for any particular cohort of policyholders.

- The Company has regular management agreements and service contracts between itself and its affiliated companies, as well as reinsurance agreements. There have also been dividend and capital infusion transactions. However, there is no revenue sharing for this Cal Choice market segment between Health Net Life and Health Net of California or any other affiliated company. This business is impacted by certain management and service contracts with affiliates as indicated in Schedule Y of the Company's annual statements. The amounts of these transactions over the past three years are shown in the following table.

Transactions with Affiliates* ($000 omitted)			
Transaction Type	2008	2009	2010
Dividends	0	(35,000)	0
Capital Contributions	130,000	0	0
Mgmt Agreements / Service Contracts	(199,572)	(183,536)	(188,429)
Reinsurance Income /(Disbursements)	(3,452)	(651)	(7,668)
Reinsurance Recoverable (Payable)	85,716	10,166	34,784

* Schedule Y of the Annual Statements

Respectfully Submitted,



Gary L. Brace
Member of the American Academy of Actuaries
April 29, 2011

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Appendix A
Statement Regarding Accuracy and Completeness
Of the Underlying Data Sources

Items Relied upon During Testing by Milliman

- Numerous spreadsheets outlining the data collection and parsing process.
- Three spreadsheets, in particular, with the claims development, trend application and the revenue development.
- Spreadsheets presenting the cost of the additional mandated benefits
- Spreadsheets presenting the development of the unit cost portion of the pricing trend rates, including utilization increase assumptions.
- Conversations with Health Net staff discussing the development of the renewal rating process

The sources identified above were relied upon by Milliman, Inc. in preparing this statement of actuarial opinion.

I, Robert F. Kuecks, Vice President of Actuarial Services, hereby affirm that the data sources identified above, and attached to this statement, were prepared under my direction, and to the best of my knowledge are accurate and complete unless otherwise noted below.

April 29, 2011

Date

Signature

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Appendix B
Description of Testing Procedures

Under my direction, we reviewed the entire renewal rating process performed by Health Net Actuarial staff including:

1. Reviewed claims costs trend rates and development of anticipated unit health care cost and utilization increases
2. Reviewed the claims and enrollment data collection process and reconciliation to internal financial statements
3. Reviewed the parsing of data into premium rating cells
4. Reviewed development of projected claims costs and comparison to revenue generated from application of current rates to current enrollment
5. Reviewed proposed rate increase based on comparison of projected loss ratio to target loss ratio
6. Reviewed Health Net recommended rate increases compared to arithmetically derived rate increases.
7. Documented and produced the step-by-step rating methodology and reviewed the correctness of each step.

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Appendix C

Description of Data, Assumptions, Rating factors and Methodology

Rating Example for PPO Product

The rating methodology follows this page

Assumptions Used as part of Base Rate Renewal Process

The assumptions used in the rating methodology are included in the Excel file submitted as part of this filing for the California Rate Filing Form. The assumptions are also presented in an attached listing following the rating methodology.

Health Net of California
PPO Rate Buildup Example
Rate Buildup Example
Appendix C HSA 2500

	(includes OOS) Oct'09 - Sep'10 Total Eligible Members	Revenue	Capitation	Claim Pd Amt	Rx Pd Amt	HCC Amount		Description
1) Starting values	1,730	$433,963	$0	$301,112	$96,514	$397,626		Claims and enrollment pulled from mainframe. Parsed into products.
2) Remove costs for out-of-state members.	1,000	1,000	1,000	1,000	1,000			Remove costs for out-of-state members.
3) In-state starting HCC (1 x 2)	1,730	$433,963	$0	$301,112	$96,514	$397,626		In-state starting HCC
4) Costs above high-claimant threshold ($100k attachment point)			$0	$0	$0			Costs above high-claimant threshold ($100k attachment point)
5) HCC less costs above threshold (3 - 4)			$0	$301,112	$96,514			HCC less costs above threshold
6) Avg high-claimant costs for product			1,000	1,000	1,000			Avg high-claimant costs for all HMO products based on actual experience of the Company during the Oct'09 - Sep'10 experience period
7) High-claimant adjusted HCC (5 x 6)			$0	$301,112	$96,514	$397,626		High-claimant adjusted HCC (5 x 6)
8) PMPM Manual Capitation Adjustment			$0.00					PMPM Adjustment for capitation amounts - only for DMHC lines
9) Total Manual Capitation Adjustment (8 x 3 membership)			$0					Total adjustment for capitation amounts - only for DMHC lines
10) Cap Adjusted Amount (7 + 9)			$0	$301,112	$96,514	$397,626		Total Adjusted amounts including capitation

	PPO Small Group YTD 2010			
	HCC	Membership	Nov'10 Run Rate	Work
Run Rate Report	$277,264,625	852,847	$325.10	
Claims Experience	$280,442,900	852,795		$328.85

11) True Up Factor to Adjust to the Run Rate Report	0.9886		True up factor to adjust claims data to the "run rate report" - the report that is tied periodically to the G/L. Adjustments reflect off-system payments and recoveries/receivables that are not available in the mainframe claims system.
12) Total Adjusted Claims Costs after True Up	$393,096		Total Adjusted Claims Costs after True Up
13) Reserve Adjustment (if needed)	1.000		The reserving methodology is a high-level approach that, at times, may not reflect accurate reserve estimates at a market segment or product level. Rates are set at a market segment and product level. Note: no reserve adjustments were made in this filing.
14) Reserve Adjusted HCC (12 x 13)	$393,096		Reserve Adjusted HCC (12 x 13)
15) Cost PMPM (14 / 3 membership)	$227.22		Cost PMPM
16) Increase to provider risk settlement (EOA product only)	$0.00		Increase to provider risk settlement (EOA product only)
17) Cobra Load Adjustment	1.000		Adjustment to reflect anticipated increase in COBRA cost
18) Adjusted Costs for Exp Per Risk ((15 + 16) x 17)	$227.22		Adjusted costs to reflect additional adjustments
19) Oct'09 - Sep'10 Age/Sex Factor	1.072		Weighted average age factor over experience period
20) Oct'09 - Sep'10 Geography Factor	0.959	0.772	Weighted average area factor over experience period
21) Nov'10 Age/Sex	1.128		Weighted age factor at November 2010 to match the income at current rates calculation
22) Nov'10 Geography	0.946	0.762	Weighted area factor at November 2010 to match the income at current rates calculation
23) Demo Plan Adj Factor ((21 x 22) / (19 x 20))	1.039		Weighted adjustment factor to reflect changes in average demographic and area weighting from average of experience period to end of experience period, if any
24) Final Adjusted Oct'09 - Sep'10 Costs (18 x 23)	$236.04		Adjusted costs to reflect cost adjusted for area and demographic changes that existed in November 2010 (claims amount to be compared to income at current rates)
25) PPACA Load	1.0444		PPACA Load effective 1/1/2011 for OAD, $0 preventive care, removal of annual and lifetime limits, etc.
26) Risk/Aging Factor	1.0400		Further deterioration assumed for the richest plan (selection issue) + reserve restate (recent + future potential)
27) Final Adjusted Base Costs	$256.38		Benefit cost from step 24 adjusted for previous two factors
28) Trend to 2010	10.6%		Trend rate applied for July 1, 2009 through June 30, 2010. Company trend studies are performed annually with the experience period ending June 30 of each respective calendar year.
29) Projected CY 2010 Costs	$262.93		Projected June 30, 2010 costs
30) Trend to 2011	10.7%		Trend rate applied for July 1, 2010 through June 30, 2011
31) Projected CY 2011 Costs	$291.18		Projected June 30, 2011 costs
32) Trend to 2012	10.9%		Trend rate applied for July 1, 2011 through June 30, 2012
33) Projected Rating Period Costs	$313.26		Projected medical costs for the six month period beginning July 1, 2011, with center date of September 15th

	Nov'10 Members Renewing Jul-Dec (Excl. Assoc.)	Revenue	Projected Rev. PMPM eff. Jan'11			
34) Starting values	88	$28,190	$320.35			Collection of: 1) November 2010 members renewing during Jul 2011 through Dec2011, 2) Projected Revenue using Current Filed January 2011 Rates, and 3) Average PMPM value for entire cohort
35) Benefit Adjustment				0.0%		Adjustment to reflect benefit/cost-sharing changes
36) Projected Claims PMPM (33 x (100% + 35)				$313.26		Projected claims for rating period after benefit adjustment from step 35
37) G&A PMPM				$23.85		General and administrative expenses on a PMPM basis
38) Estimated Commissions				0.0%		Estimated average commissions including general agent override
39) Premium Tax				0.00%		Premium Tax of 2.35%, if applicable
40) Total SG&A (43 x (38 + 39) + 37)				$23.85		Total PMPM amount of SG&A
41) Total Expenses PMPM (36 + 40)				$337.11		Total Medical and Administrative Expense PMPM
42) Formula based profit target				7.0%		Formula based profit target of 7.0%
43) Company's Formula based Revenue PMPM ((36 + 37) / (100% - 38 - 39 - 42))				$362.48		Target revenue PMPM based on first principles approach using amounts in steps 40, 41 and 42.
44) Formula based needed rate increase ((43 / 34) - 100%)				13.2%		Formula based rate increase developed from step 43.
45) Proposed Rate Increase				6.0%		Proposed rate increase based on actuarial judgment used to levelize the rate increases by product line and also where limited credible experience data would tend to create rate distortion
46) Effective Renewal Increase				12.4%		Effective renewal increase based on premium change before benefit/cost-sharing changes
47) Renewal Increase				12.4%		Renewal increase based on premium increase after benefit /cost-sharing changes
48) Company's Anticipated Rev PMPM (34 x (100% + 45))				$339.57		Anticipated Revenue PMPM based on rate increase from step 45
49) Company's Expected statutory loss ratio based on proposed rate increase (36 / 48)				92.3%		Expected Loss Ratio
50) Expected pre-tax profit based on proposed rate increase ((48 - 36 - 37 - (38 + 39) x 48) / 48)				0.7%		Expected profit based on anticipated revenue in step 48